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SIPDIS

FOR EB/ODF ROLAND DEMARCELLUS
EB/IRAQ MARK KISSEL

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TAGS: [EAID](#) [ECON](#) [EFIN](#) [IZ](#) [SP](#)

SUBJECT: MIXED SIGNALS ON IRAQ ASSISTANCE PLEDGES

Classified By: Economic Counselor Judy Garber for reasons 1.4 (b) and (d)

1. (C) An article in the June 9 issue of El Pais quotes Foreign Minister Moratinos as saying the GOS is reconsidering its USD 300 million pledge towards Iraq reconstruction. The article suggests the review comes because so little has been used. This statement seems to contradict Foreign Minister Moratinos, late April statement in Washington that Spain would maintain its aid commitments to Iraq.

2. (C) It also seems at odds with repeated assurances by our contacts at MFA and the Ministry of Economy. As recently as last week, Director General of International Finance in the Ministry of Economy and Finance Ramon Guzman Zapater confided to us that Vice President and Minister of Economy Pedro Solbes instructed him to carry out the pledges Spain made at the Madrid Donors' Conference.

3. (U) The Ministry of Foreign Affairs and Ministry of Economy share responsibility for Spain's aid pledge. Of the total \$300 million pledge made at the Donors, Conference, \$100 million has already been disbursed. Our understanding of the breakdown of the remaining \$200 million provided by our contacts in the Ministry of Economy follows:

4. (U) Year 2004 (some of which has been disbursed)
Total: \$ 60 million
IRFFI: \$ 20 million (Min. Econ)
IFC Small Business Facility: \$ 5 million (Min. Econ)
Production of Iraqi Dinars: \$18 million (Min. Econ)
Not programmed: \$ 17 million (Min. Econ and MFA)

5. (U) Years 2005-2007 (Note: this allocation is notional and will likely change)
Total: \$ 140 million
Ministry of Economy non-reimbursable credit lines (FAD): \$75 million
Bilateral donations (MFA*Spanish Agency for International Development): \$ 55
Nonspecific technical assistance: \$ 10 million (Min. Econ and MFA)

6. (C) Comment: Given repeated assurances by our contacts that the previous government's commitments at the International Donors' Conference for Iraq would be carried out, Moratinos' statements in El Pais, if accurate, come as a surprise. It is unclear whether Moratinos was referring to MFA assistance funding only or the entire \$200 million commitment. His comments may also be part of a pattern of sometimes contradictory statements by ministers as the Zapatero government tries to create cohesive policies. We will continue to emphasize our expectations that Spain fulfill all of its Madrid Conference pledges.
MANZANARES